

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

Number: **201046018**
Release Date: 11/19/2010

Date: August 26, 2010

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL: 4945.04-04

Y= Name of Program
V= Trustees

Dear _____ :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated December 22, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called Y.

Y was established to provide financial support to promote activities that will provide personal and professional growth opportunities for employees of the Foundation's current grantee organizations in order to improve or enhance the capacity, skill, and talent of individuals who work in the nonprofit sector.

You have indicated that the grants may be used for personal and professional growth opportunities such as to attend national conferences or completing workshops or professional development courses. You have indicated that you plan on giving up to 10 grants per year. All costs including accommodations and travel will be covered by the Professional Development grant, up to a maximum of \$ _____.

Since you give grants to organizations around the county, the program is not limited to a particular geographic location.

Eligible applicants for the grants are employees of the 40- 60 non profit organizations that you current provide grants. You have indicated that there are approximately 550 employees eligible of which you believe that 50-100 will apply.

You have indicated that you will notify all of your current grantees about the program through e-mail announcements and grantee meetings. The applicants will need to complete an application form which must be co-signed by the applicant and the executive director of the organization that employs the applicant or if the applicant is the executive director, then the co-signer should be the Chairperson of the nonprofit organization's Board of Directors.

Applications are reviewed by your Capacity Building Program Officer and another program officer depending on the nature of the applicant's organization. Example being if the applicants employing organization is a wilderness protection organization then the Wilderness Program Officer will also review the application to help the Capacity Building Program Officer evaluate the application materials and check the supporting references. After the initial review, the Capacity Building Program Officer will make recommendations to your trustees who will make the final selections of the grant recipients. V is the current trustees of the foundation who both serve on the boards of various nonprofit organizations.

You have a policy that your past or present trustees, officers, and or employees and any family members of such individuals will not be eligible to receive grants, nor will any person who is a "disqualified person" with respect to you within the meaning of Section 4946(a).

Selection criteria for the Professional Development Grant award receipts are: Demonstration that the proposed activity is relevant and beneficial to the nonprofit Section 501(c)(3) public charity that is the individual applicant's employer; Potential for the proposed activity to provide personal and professional growth relevant to the individual applicant's current (or future) position; and demonstration of the individuals strong work ethic, personal initiative and commitment to service in the nonprofit sector. The Foundation will not discriminate on the basis of race, gender, sexual orientation, ethnicity, or religion, or take into account a candidate's employment relationship with any person. The Foundation may take into account the accomplishments of applicants who have overcome significant obstacles, including particular barriers presented by their economic circumstances, physical handicaps or illness, or membership in a minority group.

You indicated that you will send out an award letter to notify the grant recipient and his/her employer of the grant. The letter will specify that all amounts must be used for the purpose described in the grant application. The letter will describe the reporting requirements and the due dates of those requirements. The letter will require the grant recipient and her/his employer to sign and return a copy of the award letter to indicate their acceptance of the grants and its terms. The funds will not be disbursed until the signed letter is received.

You indicated that you will send the grant checks to the Section 501(c)(3) public charity that is the grant recipient's employer with instructions to disburse the grant funds to cover the costs of the professional development activity described in the grant application. They will also be instructed to return by check any remaining funds after all of the costs related to the approved professional development activity have been paid.

You indicated that you will require each grant recipient's employer to submit a 1-2 page(s) written report within a reasonable timeframe after the completion of the funded activity. The report must describe the use of the grant funds and the accomplishments and benefits of the funded activity from both the individual's personal perspective and the employer's organizational perspective. The reports must be co-signed by the applicant and the executive director of the organization that employs the applicant or if the applicant is the executive director, then the co-signer should be the Chairperson of the nonprofit organization's Board of Directors. Due to the nature of the activities, the Foundation does not believe that any of the activities will be longer than a year to complete, however you have indicated that if the activity will be longer than a year that you will require the recipient to complete a report at least annually and again when the program is complete.

You indicated that if you have not received the reports in a reasonable amount of time then you will initiate an investigation and withhold any further payments to the extent possible until it is determined that no part of the grant has been used for improper purposes and until the delinquent report has been submitted. If improper use of the funds has been determined, you indicated that you will seek to recover the funds and receive assurances from the nonprofit organization and/or the individual that future improper diversions will not occur and require them to take precautions to prevent further diversions. If you determine that they have diverted the funds a second time, along with seeking recovery of the funds, you may discontinue all future payments until the diverted funds are recovered or restored and continue future payments if it is determined that it will further your charitable purpose.

You indicated that you determine that the award recipient does not complete the funded activity, you will seek to recover any grant funds that have not been disbursed by the employer to pay the costs or that can be refunded to the employer from the organization that conducted the activity and have the residual funds returned.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements